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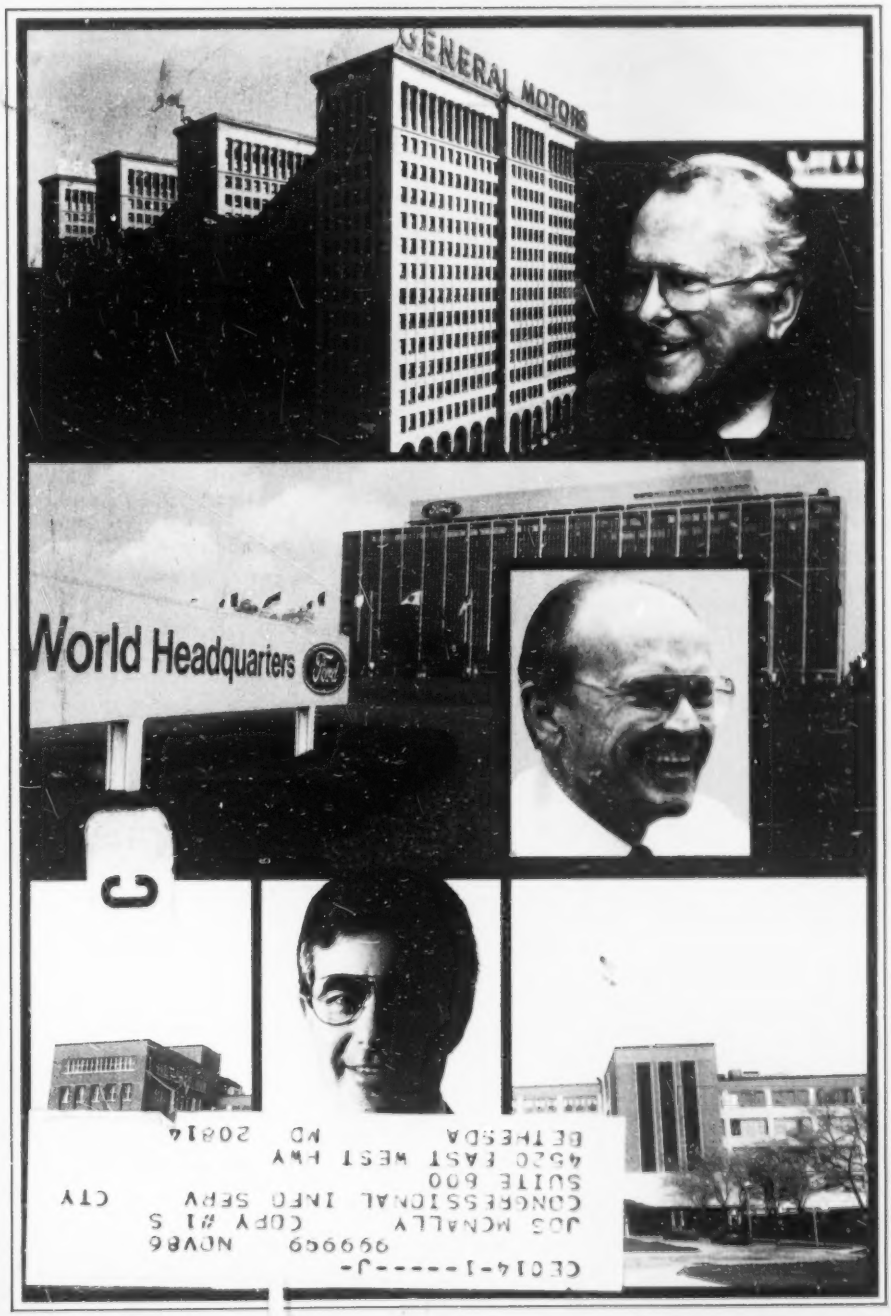

STRATEGY '86

Smith:
In The Driver's Seat

Petersen:
Tackling Trade

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Managing It All

Maseratisimo!

Chrysler's Q-car

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ONE OF THE ABC PUBLISHING COMPANIES

Twelve Foreign Carmakers To Enter US By 1990

by Lance Ealey

By 1990 at least 12 new foreign companies will be building over 700,000 cars for sale in the US market, bringing the total number of foreign automakers supplying the US to 40. Seven domestic and joint venture companies will be building cars in the United States, for a total of 47 automakers by 1990.

As recently as 1984, the total number of major automakers building cars for sale in the United States was 29.

In 1985, the number of foreign companies jumped to 28, while domestic companies, including NUMMI, the GM/Toyota joint venture, reached six for a total of 34.

The seven domestic/joint venture companies are GM, Ford, Chrysler, AMC, NUMMI, Saturn and the recently announced Chrysler/Mitsubishi joint venture, Diamond Star.

In addition to the new companies (see chart), there will be over 30 new carlines aimed at the American market by 1990. In 1985, there was a total of 172 carlines.

Major New Foreign Carmakers By 1990

Company	Country	Carline(s)	Date of Entry	Anticipated Volume	Building Cars For:
Austin Rover	UK	XX, 2nd model	1987	20,000	Self
Daewoo	Korea	Opel Kadett-derived	1987	80,000	Pontiac
Daihatsu	Korea	Charade, other	1987	50,000est.	Self
Lio Ho	Taiwan	Small Car	1988	40,000	Ford
Usines Chausson	France	Sports Car	by 1990	5,000est.	Ford
Hyundai	Korea	Pony Excel, Stellar	1986	100,000	Self
		Excel model	1987	30,000	Mitsubishi
Kia	Korea	Minicar	1987	70,000	Ford
		Minicar	1988	40,000	Mazda
AIM	Greece	Desta APV	1986	20,000	Self
SEAT	Spain	Malaga	1988	50,000	Self
Skoda	Czech.	Small Car	by 1990	40,000est.	Self
Yue Loong[1]	Taiwan	March	1988	50,000	Nissan
Zastava[2]	Yugoslavia	Yugo	1986	150,000	Self
			Total	**745,000**	

[1]—Cars to be sold in North America through Nissan Dealers.

[2]—Zastava reportedly projects 40,000 Yugo sales for '86 model year, 70,000 for '87, 110,000 for '88 and 150,000 by 1989.

Joint Ventures To Come

"Most of the 12 should survive," said Tom O'Grady, director of Integrated Automotive Resources, Inc. "They're finding interesting little niches for themselves—the low-priced ones like the Yugo. There are a couple of others that could fall into that category if they price themselves like a Yugo and be a used car substitute. They're not interfering with any of the major manufacturers, any of the heavyweights.

"Theoretically," O'Grady continued, "it's possible for them all to do it. Pratically, there will be some that will stumble, and others will integrate into other firms, so instead of seeing 40, it will be reduced by a lot of joint ventures."

O'Grady admits, "there's an incredible danger in the near future, because those that have the most ambitious plans will build an infrastructure that when and if those plans aren't realized, they'll fall by the wayside. They won't be able to compete because of high costs."

The 12 new companies do not include such specialty carmakers as AC of Scotland, which will introduce the Ecosse in low volume in 1986, or UK-based Panther Co., which is bringing in the Kallista in the 1986 model year. Reliant, another British specialty car manufacturer, also has plans to enter the US market next fall.

"My advice to any of these companies, if they're planning on coming in by 1988, '89, '90, is move your date up quite a bit."

Also not included are the entry-level models Volkwagen is planning to import from its Brazilian subsidiary, or companies such as Suzuki, which is currently suppling GM with the Sprint mini-car, but will bring in a version of the car under its own, newly-formed dealer network in 1988.

In the 1985 model year, imported car penetration was 24.2% or 2,680,000 cars out of a total of 11,063,000 cars sold.

Adding 700,000 to today's import penetration would raise the total percentage of cars imported to the United States to 31% in an 11-million car year, and that does not include the additional vehicles all of the Japanese carmakers are planning to introduce, including 45,000 cars from Honda's new Acura Division, or the extra cars Chrysler is hoping to import from Mitsubishi.

"My advice to any of these companies, if they're planning on coming in by 1988, '89, '90, is move your date up quite a bit," said O'Grady. "Get in fast, because the last one in may have a much harder time than the second or third. The hardest time is going to be had by the first or second. They've got to make their way as a new car company in a new niche. If they're accepted, others will come in." ■